

HB 5637

AN ACT CONCERNING APPRAISAL MANAGEMENT COMPANIES

Many appraisers have expressed concerns over non-payment from AMC's operating in the state of Connecticut.

Many of our members as well as some of the well known trade publications have reported that some AMC's have abruptly ceased operations thereby leaving the appraiser with little recourse to ever collect their fees.

Unfortunately in the event of non-payment one of the only forms of recourse for appraisers is to seek legal action against the AMC. However, even though a judgment can be secured against an AMC for unpaid services the collection of said judgment may often be difficult as almost every AMC currently licensed in the State of Connecticut is located out of State.

Further, there is currently no mechanism in place that prevents an AMC from starting up operations, collecting up front from Connecticut consumers for the appraisal fee, hiring Connecticut appraisers to develop those appraisals then ceasing operations and walking away with hundreds of thousands of dollar if not millions of dollars in unpaid appraisal fees. While this may seem far fetched to some, I assure that it happens daily. One such company is an AMC called ES Appraisal service which ceased operations in late 2012. ES Appraisal Service is currently reported as owing over 1 million dollars in appraisal fees nation wide. Further, many of the appraisers who are owed money by ES Appraisal Service are located right here in Connecticut.

Like with any profession or business the lack of payment has a destabilizing effect on that profession or business. The same holds true with the appraisal profession. When appraisers are not paid for their services many may have no choice but to leave the profession and/or pursue other interests. When this happens it will undoubtedly lead to a shortage of appraisers which will inevitably lead to higher appraisal costs. These higher costs will inevitably be passed on to Connecticut Consumers.

The Connecticut Association of Real Estate Appraisers supports HB 5637 as it addresses the aforementioned concerns, provides a greater level of stability to the appraisal profession here in Connecticut as well as maintains a somewhat healthy balance with respect to appraisal fees to Connecticut consumers.

Submitted by the Connecticut Association of Real Estate Appraisers